

EWING TOWNSHIP
REPORT ON FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION
YEAR ENDED MARCH 31, 2005

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name EWING TOWNSHIP	County MARQUETTE
Audit Date MARCH 31, 2005	Opinion Date JULY 22, 2005	Date Accountant Report Submitted to State: JULY 22, 2005	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.


We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			X
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) RAY PAYMENT, CPA			
Street Address 1217 LUDINGTON STREET	City ESCANABA	State MI	ZIP 49829
Accountant Signature 			

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July 22, 2005

INDEPENDENT AUDITOR'S REPORT

Honorable Township Board
Township of Ewing
Marquette County, Michigan

I have audited the accompanying general purpose financial statements of the Township of Ewing, Michigan as of and for the year ended March 31, 2005, as listed in the table of contents. These general purpose financial statements are the responsibility of the Township's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America, Government Auditing Standards, issued by the Comptroller General. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As described in Note 1, the Township of Ewing prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Michigan, which is a comprehensive basis of accounting other than generally accepted accounting principles.

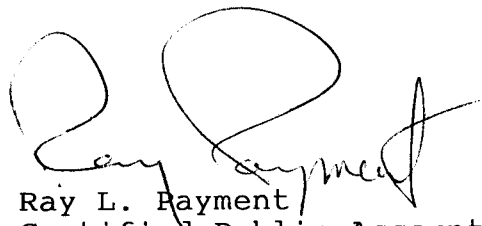
In my opinion, except for the omission of government-wide financial statements, the accompanying financial statements present fairly the fund balances of the various funds of the Township of Ewing at March 31, 2005, arising from cash transactions, and their cash receipts and disbursements for the year then ended, on a basis of accounting described in Note 1, in conformity with accounting principles generally accepted in the United States of America.

July 22, 2005

EWING TOWNSHIP BOARD
Independent Auditor's Report (Continued)

Management has not presented government-wide statements to display the financial position and changes in financial position of its governmental activities, business-type activities, and discretely presented component units. Accounting principles generally accepted in the United States of America require the presentation of government-wide financial statements. The statements of the Township's governmental activities, business-type activities, and discretely presented component units are not reasonably determinable.

The financial statements referred to in the foregoing opinion are identified in the contents of this report. My examination was made primarily for the purpose of rendering an opinion on these basic financial statements, taken as a whole. The supplementary financial data identified in the contents, although not considered necessary for a fair presentation of financial position and results of operations, is presented primarily for supplemental analysis purposes. This additional information has been subjected to the audit procedures applied in the examination of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Ray L. Payment", is written over the printed name and title.

Ray L. Payment
Certified Public Accountant

TOWNSHIP OF EWING
COMBINED BALANCE SHEET - CASH BASIS
ALL FUND TYPES AND ACCOUNT GROUPS
MARCH 31, 2005

	<u>Governmental Fund Types</u>		<u>Account Group</u>
	<u>General</u>	<u>Special Revenue</u>	<u>General Fixed Assets</u>
ASSETS:			
Cash	\$ 62 983	\$ 40 558	\$ -
Fixed Assets:			
Land and building	-	-	96 084
TOTAL ASSETS	\$ 62 983	\$ 40 558	\$ 96 084
FUND EQUITY:			
Investment in general fixed assets	\$ -	\$ -	\$ 96 084
Fund balance	62 983	40 558	-
TOTAL LIABILITIES AND FUND EQUITY	\$ 62 983	\$ 40 558	\$ 96 084

See accompanying notes to financial statements.

TOWNSHIP OF EWING
 COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
 AND CHANGES IN FUND BALANCES - CASH BASIS
 ALL GOVERNMENTAL FUND TYPES
 FOR YEAR ENDED MARCH 31, 2005

	<u>Governmental Fund Types</u>	
	<u>General</u>	<u>Special Revenue</u>
CASH RECEIPTS:		
Taxes - current and delinquent	\$ 18 711	\$ 11 699
C.F.A.	625	392
State revenue sharing	11 194	-
Swamp tax	9 399	-
Charges for services:		
Garbage collection	6 399	-
Interest	505	-
Reimbursements and miscellaneous	<u>957</u>	<u>633</u>
TOTAL RECEIPTS	<u>47 790</u>	<u>12 724</u>
CASH DISBURSEMENTS:		
Legislative:		
Township board	1 955	-
General Government:		
Supervisor	3 171	-
Clerk	3 548	-
Treasurer	4 220	-
Assessor	2 475	-
Payroll taxes and pension	2 616	-
Insurance	5 352	-
Township Hall	2 472	-
Board of Review and tax collection	1 415	-
Elections	2 617	-
Dues and miscellaneous	740	-
Highways and roads	65	13 674
Sanitary landfill and transfer station	<u>11 018</u>	<u>-</u>
TOTAL DISBURSEMENTS	<u>41 664</u>	<u>13 674</u>
EXCESS OF REVENUES OVER (UNDER) DISBURSEMENTS	\$ 6 126	\$ (950)
FUND BALANCE, April 1, 2004	<u>56 857</u>	<u>41 508</u>
FUND BALANCE, March 31, 2005	<u>\$ 62 983</u>	<u>\$ 40 558</u>

See accompanying notes to financial statements.

TOWNSHIP OF EWING
 COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - CASH BASIS
 GENERAL FUND AND SPECIAL REVENUE FUNDS
 MARCH 31, 2005

	General Fund		
	Actual Amount	Budget Amount	Variance Favorable (Unfavorable)
CASH RECEIPTS:			
Taxes	\$ 28 735	\$ 26 800	\$ 1 935
State revenue sharing	11 194	11 000	194
Charges for services:			
Garbage collection	6 399	6 500	(101)
Interest	505	750	(245)
Reimbursements & miscellaneous	957	1 400	(443)
TOTAL RECEIPTS	<u>47 790</u>	<u>46 450</u>	<u>1 340</u>
CASH DISBURSEMENTS:			
Township board	1 955	2 300	345
Township supervisor	3 171	3 600	429
Board of review & tax collection	1 415	1 800	385
Attorney and audit	-	500	500
Assessor	2 475	2 700	225
Township clerk	3 548	3 900	352
Payroll taxes and pension	2 616	2 800	184
Treasurer	4 220	4 800	580
Township hall and insurance	7 824	8 750	926
Sanitary landfill	11 018	10 500	(518)
Highways and roads	65	-	(65)
Dues and miscellaneous	740	2 000	1 260
Elections	2 617	2 800	183
TOTAL DISBURSEMENTS	<u>41 664</u>	<u>46 450</u>	<u>4 786</u>
EXCESS OF REVENUES OVER (UNDER) DISBURSEMENTS	6 126	-	6 126
FUND BALANCE, April 1, 2004	<u>56 857</u>	<u>56 857</u>	<u>-</u>
FUND BALANCE, March 31, 2005	<u>\$ 62 983</u>	<u>\$ 56 857</u>	<u>\$ 6 126</u>

See accompanying notes to financial statements.

<u>Special Revenue Sharing</u>		
<u>Actual Amount</u>	<u>Budget Amount</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 12 091	\$ 11 550	\$ 541
-	-	-
-	-	-
-	-	-
633	500	133
<u>12 724</u>	<u>12 050</u>	<u>674</u>
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
13 674	41 586	27 912
-	-	-
-	-	-
<u>13 674</u>	<u>41 586</u>	<u>27 912</u>
(950)	(29 536)	28 586
41 508	41 508	-
\$ 40 558	\$ 11 972	\$ 28 586

TOWNSHIP OF EWING
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005

NOTE 1 - ACCOUNTING POLICIES

The accounts of the Township have been maintained on the cash basis of accounting which omits substantially all accounts receivable, accounts payable and accrued income and expenses. The cash basis of accounting is not in accordance with generally accepted accounting principles.

Fund Accounting

The financial activities of the Township are recorded in separate funds and account groups, categorized and described as follows:

General Fund - This fund is the general operating fund of the Township. It is used to account for all financial resources except those to be accounted for in another fund.

Special Revenue Funds - These funds are used to account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action.

General Fixed Assets Account Group - This account group presents the fixed assets of the local unit utilized in its general operations.

Trust and Agency Funds

Trust and Agency Funds are used to account for assets held by the Township in a trustee capacity as an agent for other funds and governments. Agency funds are custodial in nature and do not involve measurements of results and operations.

NOTE 2 - DESCRIPTION OF REPORTING ENTITY

This report includes all the funds and account groups of the Township. It includes all activities considered by the U.S. Bureau of Census to be part of the Township.

The Mid-Peninsula Area Schools is an independent district and not part to the Township of Ewing. Financial data for it are not included in the financial statements of this report.

TOWNSHIP OF EWING
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005

However, audited financial statements for the School District are available upon request from their business office. The Township provided full range of municipal services contemplated by statute or character. This includes public safety, roads, sanitation, health, recreation, planning and zoning and general administrative services.

Note 3 - STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - BUDGET AND ACTUAL - GENERAL FUND

The above supplemental statement is not required in these statements because the combined statements on page 7 is detailed to the required revenue and activity level as shown in the Uniform Accounting Procedures Manual for Local Units of Government in Michigan.

NOTE 4 - CHANGES IN GENERAL FIXED ASSETS

Fixed assets used in governmental fund type operations are accounting for in the General Fixed Assets Group of Accounts, rather than in governmental funds. No depreciation has been provided on such assets.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their estimated fair value on the date donated. Repairs and maintenance are recorded as expenditures; renewals and betterments are capitalized.

A summary of changes in general fixed assets follows:

	Balance April 1, 2004	Additions	Deletions	Balance March 31, 2005
Land & Building	\$ 95 835	\$ 249	\$ -	\$ 96 084
	\$ 95 835	249	\$ -	\$ 96 084

NOTE 5 - PROPERTY TAX LEVY

The Township levies taxes on a general township law basis. The taxes included in these financial statements are the 2004

TOWNSHIP OF EWING
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005

levy and are billed on a twice per year basis. See schedules on page 15 for levy breakdown and millage rates. All unpaid taxes become delinquent March 1 of the following year. The Township bills and collects its own property taxes. Township property tax revenues are recognized when collected on the cash basis. All real property taxes are turned over to the County when delinquent and personal property taxes are collected and distributed by the Township. The County uses a revolving tax fund and reimburses the Township yearly for any delinquent real property taxes.

A statewide referendum commonly known as Proposal A, took effect in 1994. Under this law, a new term, "Taxable Value", has been created. Proposal A limits annual increases in taxable value of property to the lesser of 5% or the rate of inflation. Initial taxable values, for 1994, were equal to state equalized values in that year.

An exception to the maximum increase is new construction, which is taxed at its assessed value for the year of construction, and is then subject to the limitations on subsequent years. A property's taxable value will be adjusted up to reflect 50% of the sale price in the year of sale.

NOTE 6 - CASH AND INTEREST-BEARING DEPOSITS

Deposits are carried at cost. Deposits of the Township are in one bank in the name of Ewing Township Treasurer. Michigan Compiled Laws, Section 124.91 authorized the Township Treasurer to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities, and direct obligations of the United States, including securities issued or guaranteed by the Government National Mortgage Association; United States government or Federal agency obligation repurchase agreement; banker's acceptance of the United States banks; mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan; and commercial paper rates by two standard rating agencies within 270 days after the date of purchase, and which involves no more than 50 percent of any one fund. Michigan law prohibits security in the form of collateral, surety bonds, or other forms for the deposit of public money. Attorney General's Opinion No. 6168 states that public funds

TOWNSHIP OF EWING
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005

may not be deposited in financial institutions located in states other than Michigan. The Township's deposits are in accordance with statutory authority.

Governmental Accounting Standards Board (GASB) Statement 3 risk disclosure for the Township's cash deposits are as follows:

<u>Deposits</u>	<u>Carrying Amount</u>
Noninsured	\$ 3 541
Insured (FDIC)	<u>100 000</u>
TOTAL DEPOSITS	<u>\$ 103 541</u>

NOTE 7 - BUDGED AND BUDGETARY ACCOUNTING

As set forth in the Township Charter, the Township adopts an annual budget for the General Fund and Road Fund. The annual budgets are prepared in accordance with the basis of accounting utilized by those funds (cash basis). The Township board is authorized to transfer budgeted amounts within and among departments. Subsequent to year-end, the board adopts an amended budget approving any transfers among departments or additional expenditures. For the current fiscal year the budgeted expenditures for the General Fund were not changed in total. The amended budgets are presented on page 7. All appropriations lapse at fiscal year-end.

NOTE 8 - USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 9 - RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of; damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Township purchases insurance coverage through a carrier. This plan purchases reinsurance for all risks. The Township's expense is to pay only the annual premium.

TOWNSHIP OF EWING
COMBINING BALANCE SHEET - CASH BASIS
SPECIAL REVENUE FUNDS
MARCH 31, 2005

	<u>Road Fund</u>
CASH	\$ 40 558
	<hr/>
FUND BALANCE	\$ 40 558
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See accompanying notes to financial statements.

TOWNSHIP OF EWING
COMBINING STATEMENT OF CASH RECEIPTS
DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS
ALL SPECIAL REVENUE FUNDS
YEAR ENDED MARCH 31, 2005

	<u>Road Fund</u>
CASH RECEIPTS:	
Taxes - current and delinquent	\$ 11 699
C.F.A.	392
Reimbursements and miscellaneous	<u>633</u>
TOTAL CASH RECEIPTS	<u>12 724</u>
CASH DISBURSEMENTS:	
Highways and roads	<u>13 674</u>
TOTAL CASH DISBURSEMENTS	<u>13 674</u>
EXCESS OF CASH RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (950)
FUND BALANCE, April 1, 2004	<u>41 508</u>
FUND BALANCE, March 31, 2005	<u>\$ 40 558</u>

See accompanying notes to financial statements.

TOWNSHIP OF EWING
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL FIDUCIARY FUND TYPES
MARCH 31, 2005

	Balance April 1, 2004	Additions	Deductions	Balance March 31, 2005
<u>ASSETS</u>				
Cash	\$ -	\$ 226 219	\$ 226 219	\$ -
TOTAL ASSETS	\$ -	\$ 226 219	\$ 226 219	\$ -
<u>LIABILITIES</u>				
Due to other taxing units:				
Township of Ewing -				
General Fund	\$ -	\$ 20 473	\$ 20 473	\$ -
Road Fund	-	12 091	12 091	-
Marquette County		42 669	42 669	-
Intermediate School				
District	-	13 163	13 163	-
Area Schools	-	96 868	96 868	-
Tri-Township Fire				
Department	-	5 672	5 672	-
State of Michigan - S.E.T.	-	33 322	33 322	-
State of Michigan - C.F.A.	-	1 961	1 961	-
TOTAL LIABILITIES	\$ -	\$ 226 219	\$ 226 219	\$ -

TOWNSHIP OF EWING
SCHEDULE OF ASSESSED VALUATIONS, TAX RATES AND TAX LEVIES
YEAR ENDED MARCH 31, 2005

	<u>Ewing Township General Fund</u>	<u>Tri-Township Fire Fund</u>	<u>Ewing Township Road Fund</u>
State equalized Value	\$ 5 736 124	\$ 5 736 124	\$ 5 736 124
Millage rate	<u>3.0451</u>	<u>.8956</u>	<u>1.9095</u>
Tax Levy	17 465	5 135	10 951
Taxes returned delinquent	<u>933</u>	<u>274</u>	<u>585</u>
Current tax Collection	<u>\$ 16 532</u>	<u>\$ 4 861</u>	<u>\$ 10 366</u>

<u>Marquette County</u>	<u>Mid-Peninsula Schools</u>	<u>Intermediate Schools</u>	<u>State of Michigan S.E.T.</u>
\$ 5 736 124	\$ 5 736 124	\$ 5 736 124	\$ 5 736 124
<u>7.7201</u>	<u>26.1000</u>	<u>2.4191</u>	<u>6.0000</u>
44 278	102 187	13 873	34 415
<u>2 367</u>	<u>6 392</u>	<u>742</u>	<u>219</u>
<u>\$ 41 911</u>	<u>\$ 95 795</u>	<u>\$ 13 131</u>	<u>\$ 34 196</u>

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July 22, 2005

PROFESSIONAL BUILDING
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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
"GOVERNMENT AUDITING STANDARDS"

Ewing Township Board
Ewing Township
Marquette County, MI

I have audited the general purpose financial statements of Ewing Township as of and for the year ended March 31, 2005, and have issued my report thereon dated July 22, 2005. I conducted my audit in accordance with auditing standards accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Ewing Township's general purpose financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing my audit I considered Ewing Township's internal control over financial reporting in order to determine my audit procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matter in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a

July 22, 2005

relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, Township Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Ray L. Payment". The signature is stylized with large, looping letters.

Ray L. Payment
Certified Public Accountant